

Message Text

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ACTION AID-05

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FROM PATTERSON AND LUSTIG

E.O. 11652: N/A

TAGS: EAID, PO

SUBJ: U.S. AID TO PORTUGAL

REF: LISBON 439

SUMMARY: AT CONCLUSION TWO WEEKS DISCUSSION BASIS LAID FOR PROGRAM OF FOLLOWING DIMENSIONS: TECHNICAL CONSULTANTS AND TRAINING - DOLS 500,000 GRANT: FEASIBILITY STUDIES LOAN- DOLS 1 MILLION: MULTI-SECTOR DEVELOPMENT LOAN- DOLS 5-10 MILLION. PROJECT PAPERS AND PROJECT AGREEMENTS FOR FIRST TWO IN PREPARATION AND PAPER FOR LATTER PROJECT WILL BE PREPARED IN AID/W WITH ADDITIONAL INPUT FROM EMBASSY. WOULD HOPE OBLIGATE FIRST TWO BY FEBRUARY 15 AND LATTER BY END FEBRUARY. END SUMMARY.

1. TECHNICAL CONSULTATIONS AND TRAINING - DOLS 500,000. IN FURTHER DISCUSSIONS SINCE REFTEL HAVE MADE KNOWN TO VARIOUS PORTUGUESE MINISTRIES AND DEPARTMENTS THE AVAILABILITY
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OF U.S. EXPERTISE IN VARIETY OF FIELDS ON GRANT BASIS AS

DESIRED BY GOP AS WELL AS CONSULTATION/TRAINING BY PORTUGUESE EXPERTS IN U.S. MINISTRIES NOW PREPARING REQUESTS AND PROPOSALS IN BOTH ASPECTS OF PROJECT. MINISTRY OF FINANCE WHICH HAS AGREED TO APPOINT PROJECT COORDINATOR WILL REVIEW PROPOSALS AND DETERMINE PRIORITIES OF REQUESTS RECEIVED. SPECIFIC REQUESTS HAVE BEEN PROMISED IN COMING WEEK IN PRODUCTION OF AUDIO-VISUAL EDUCATIONAL MATERIALS AND AGRICULTURE. EXPECT HAVE PROJECT PAPER COMPLETED AND READY FOR REVIEW AID/W BY FEBRUARY 10. IF AUTHORIZED PROMPTLY PROJECT AGREEMENTS WILL BE READ FOR SIGNATURE BY MID-FEBRUARY.

2. FEASIBILITY STUDIES- DOLS 1 MILLION.
DISCUSSIONS WITH VARIOUS MINISTRIES AS WELL AS WITH WORK BANK TEAM LEADER CONTINUE REVEAL NEED CONSIDERABLE FEASIBILITY STUDY WORK TO PREPARE PROJECTS SUITABLE FOR FINANCING. HOWEVER, VERY CONSIDERABLE EXPERTISE ALREADY AVAILABLE WITHIN PORTUGAL AND IN INTEREST OF MOST RAPID AND EFFECTIVE DEVELOPMENT OF FINANCABLE PROJECTS, PROPOSE FEASIBILITY STUDY LOAN INCLUDE FINANCING FOR BOTH U.S. AND LOCAL SERVICES. AS IN CASE OF TECHNICAL CONSULTATIONS AND TRAINING PROJECT, VARIOUS MINISTRIES AND DEPARTMENTS NOW PREPARING SPECIFIC REQUESTS FOR EARLY SUBMISSION TO THE MINISTRY OF FINANCE. EXPECT TO COMPLETE PROJECT PAPER BY FEBRUARY 10 FOR AUTHORIZATION AND SIGNATURE IN MID-FEBRUARY.

3. MULTI-SECTOR DEVELOPMENT LOAN - DOLS 85. MILLION.
CONTINUING UNCERTAINTY FUTURE COURSE OF DEVELOPMENT PLANNING IN EACH SECTOR EVIDENT THROUGHOUT GOVERNMENT AND SUGGESTS, IN FACT DEMANDS, WE HAVE MOST FLEXIBLE INSTRUMENT TO RESPOND TO PROJECT ELEMENTS IMMEDIATELY AS THEY ARE WORKED OUT AVOIDING CUMBERSOME PROCESS OF SEPARATE LOAN PAPERS/ AGREEMENTS EACH ELEMENT. THEREFORE, ARE RECOMMENDING MULTI-SECTOR DEVELOPMENT LOAN TO ESTABLISH FUND UNDER MINISTRY OF FINANCE FOR U.S. ASSISTANCE IN SEVERAL SECTORS. ACTIVITIES NOW IN PREPARATION FOR DRAWDOWN OF THIS LOAN INCLUDE THE FOLLOWING:

A) COMMUNITY HEALTH CENTERS- THREE PILOT CLINICS
COMBINING LOWER COST PREVENTIVE AND CURATIVE SERVICES, INCLUDING HEALTH AND NUTRITION EDUCATION AND FAMILY PLANNING.
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ONE CLINIC TO BE LOCATED IN OEIRAS OUTSIDE LISBON, ANOTHER IN RURAL AREA OF NORTH, AND THIRD IN LOW-INCOME URBAN AREAS, POSSIBLY IN PORTO. MINISTRY NOW PREPARING ADDITIONAL PROJECT PLANS. ROUGH ESTIMATE OF COST STILL IS DOLS 1.5 MILLION.

B) AUDIO-VISUAL MATERIALS- IN ADDITION TO SHORT-TERM CONSULTANTS AND TRAINING INSTITUTE OF AUDIO-VISUAL MATERIALS NEEDS EQUIPMENT AND EXPANSION OF FACILITIES AS WELL AS SUCCESS

TO NORTH AMERICAN AS WELL AS EUROPEAN MATERIALS. MORE SPECIFIC PROJECT PLANS NOW BEING DRAWN UP, AND COULD USE PERHAPS DOLS 750,000 THIS ACTIVITY.

C) AGRICULTURE- LACK OF PROJECT PLANS MOST EVIDENT IN THIS SECTOR. AFTER DISCUSSING SEVERAL POSSIBILITIES, SECRETARY OF STATE OF AGRICULTURE IN MEETING JANUARY 30 AGREED TO PREPARE REQUESTS FOR ASSISTANCE IN SEVERAL AREAS WHICH MAY INCLUDE DEVELOPMENT, APPLIED RESEARCH, EXTENSION, IRRIGATION AND DEVELOPMENT OF COOPERATIVES.

4. PROGRAM IMPLEMENTATION- HAVE DISCUSSED WITH FINANCE MINISTRY NEXT STEPS IN DEVELOPMENT AND IMPLEMENTATION OF PROGRAM. DR. VITOR CONSTANCIO, SECRETARY OF STATE FOR PLANNING IN MINISTRY OF FINANCE EXPECTED TO BE NAMED COORDINATOR OF U.S. AID PROGRAM ON PORTUGUESE SIDE. ESSENTIAL ON U.S. SIDE TO APPOINT VERY SOON RESIDENT LONG-TERM AID OFFICIAL WHO IS FLUENT IN PORTUGUESE AND SHOULD OVERLAP WITH GELABERT WHO NOW EXPECTING DEPART FEBRUARY 14.

5. PATTERSON AND LUSTIG WILL BE IN OFFICE NO LATER THAN TUESDAY MORNING, FEBRUARY 4.
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